

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

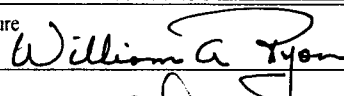

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-76498</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator <b>The Houston Exploration Company</b>		7. If Unit or CA Agreement, Name and No.
3a. Address <b>1100 Louisiana, Suite 2000, Houston, TX 77002</b>	3b. Phone No. (include area code) <b>713-830-6800</b>	8. Lease Name and Well No. <b>Pelican Lake 11-3-8-20</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>1,993' FSL &amp; 1,986' FWL NE 1/4 of the SW 1/4 40.149976</b> At proposed prod. zone <b>Same as above 614456X 4445053Y -109 656244</b>		9. API Well No. <b>43-047-38445</b>
10. Field and Pool, or Exploratory <b>Exploratory Whitetail</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec. 3, T8S, R20E. S.L.B.&amp;M.</b>
12. Distance in miles and direction from nearest town or post office* <b>26.7 miles south of Vernal, UT</b>		12. County or Parish <b>Uintah</b>
13. State <b>UT</b>		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>1,986'</b>	16. No. of acres in lease <b>1,440</b>	17. Spacing Unit dedicated to this well <b>40</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>3,800'</b>	19. Proposed Depth <b>10,500'</b>	20. BLM/BIA Bond No. on file <b>104155044</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>4,768' GR</b>	22. Approximate date work will start* <b>01/01/2007</b>	23. Estimated duration <b>30 Days</b>

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) <b>William A Ryan</b>	Date <b>07/31/2006</b>
Title <b>Agent</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL</b>	Date <b>08-14-06</b>
Title <b>ENVIRONMENTAL MANAGER</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Federal Approval of this  
Action is Necessary

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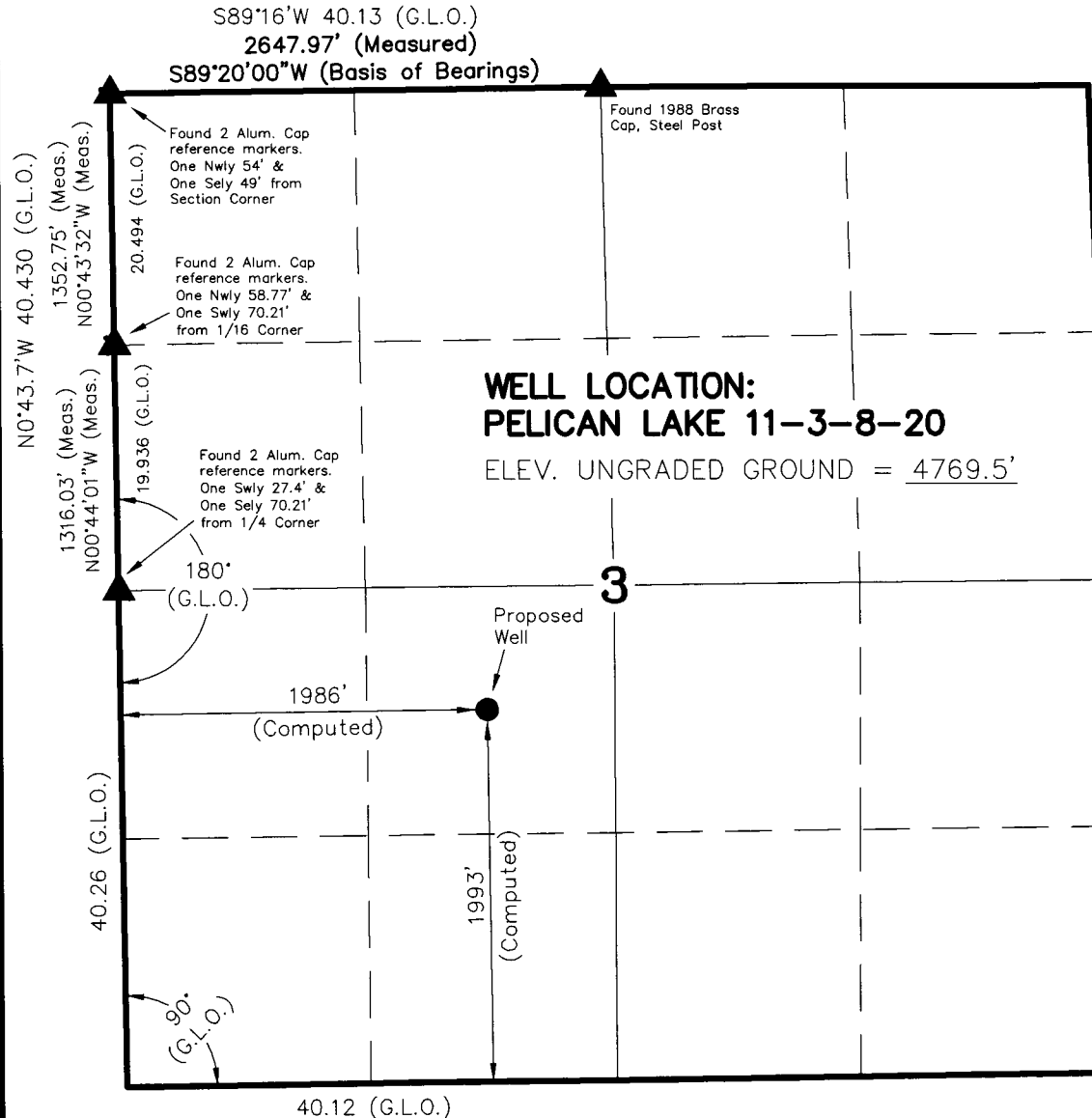
DIV. OF OIL, GAS & MINING





**T8S, R20E, S.L.B.&M.**

**THE HOUSTON EXPLORATION COMPANY**



WELL LOCATION, PELICAN LAKE  
11-3-8-20, LOCATED AS SHOWN IN  
THE NE 1/4 SW 1/4 OF SECTION 3,  
T8S, R20E, S.L.B.&M. UINTAH COUNTY,  
UTAH.

NOTES:

1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.
3. The Proposed Well Bears S72°14'31"E 2094.19' From The West 1/4 Corner of Section 3.

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS  
PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS  
MADE BY ME OR UNDER MY SUPERVISION AND THAT  
THE SAME ARE TRUE AND CORRECT TO THE BEST OF  
MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR  
KOLBY R. KAY  
STATE OF UTAH

▲ = SECTION CORNERS LOCATED  
BASIS OF ELEVATION IS THE UNITED STATES  
GEOLOGICAL SURVEY BENCH MARK LOCATED NEAR THE  
SOUTHWEST CORNER OF SECTION 10, T8S, R20E,  
S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS  
SHOWN ON THE PELICAN LAKE 7.5 MIN. QUADRANGLE  
AS BEING 4708'.

**PELICAN LAKE 11-3-8-20**  
**(Proposed Well Head)**  
**NAD 83 Autonomous**  
LATITUDE = 40° 08' 59.88"  
LONGITUDE = 109° 39' 25.32"

**TIMBERLINE LAND SURVEYING, INC.**

38 WEST 100 NORTH. - VERNAL, UTAH 84078  
(435) 789-1365

DATE SURVEYED: 11-28-05	SURVEYED BY: K.R.K.	SHEET 2 OF 10
DATE DRAWN: 11-29-05	DRAWN BY: M.W.W.	
SCALE: 1" = 1000'	Date Last Revised: 06-29-06 B.J.Z.	

# **Ten Point Plan**

**The Houston Exploration Company**

**Pelican Lake 11-3-8-20**

**Surface Location NE  $\frac{1}{4}$  SW  $\frac{1}{4}$ ,**

**Section 3, T. 8S., R. 20E.**

1. **Surface Formation**  
**Uintah**

2. **Estimated Formation Tops and Datum:**

Formation		Depth	Datum
Uintah		Surface	4,768' G.R.
Birds Nest	Water	3,500'	1,268'
Green River	Oil/Gas	4,000'	768'
Wasatch	Oil/Gas	6,000'	-1,232'
Measaverda	Oil/Gas	11,000'	-6,232'
TD		10,500'	-5,732'

A 17 1/2" hole will be drilled to 3,900' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest. All fresh water and oil and gas bearing zones shall be protected by casing and cement program.

3. **Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, and their sub-members.

4. **Proposed Casing:**

Hole Size	Casing Size	Weight/FT	Grade	Coupling & Tread	Casing Depth	New/Used
30	26	68.75#	A430		40'	NEW
24	20	94#	H-40	ST&C	350'	NEW
17 1/2	13 3/8	72#	N-80	ST&C	3,900'	NEW
11	8 5/8	36#	K-55	LT&C	7,000'	NEW
7 7/8	4 1/2	11.6#	N-80	LT&C	7,700'	NEW
7 7/8	4 1/2	13.5#	P-110	LT&C	10,500'	NEW

**Cement Program:**

**Conductor casing #1 will be cemented as follows from 0'-40':**

**Note: Cement Volume = Gauge hole + 50%**

Casing Size	Cement Type	Cement Amounts	Cement Yield	Water Mix	Cement Weight
Lead:					
26	Portland CMT Class IA 4 Integral Air-entraining Agent	118 sks +/-	1.15ft <sup>3</sup> /sk	5	15.8 ppg

**Conductor casing #2 will be cemented as follows from 0'- 350':**

**Cement volume = Gauge hole + 50%**

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead:	20	Portland CMT Class "G" 2% Calcium Chloride ¼#/sk Flocele	247 sks +/-	1.5ft³/sk	5	15.8 ppg

**The Surface Casing will be cemented as follows from 0'- 3,900':**

**Cement volume = Gauge hole + 25%**

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead:	13 3/8"	Premium "5" 16% Gel 10#/sk Gilsonite 3% Salt 3#/sk GB3 0.25#/sk flocele	742 sks. +/-	3.82ft³/sk	23	11.0 ppg
Tail:	13 3/8"	Class "G" 2% Calcium Chloride 0.25#/sk Flocele	589 sks. +/-	1.18ft³/sk	5	15.6 ppg
Top Job:		Class "G" 4% Calcium Chloride 0.25#/sk Flocele	10-200 sks. +/-	1.15ft³/sk	5	15.8 ppg

**Intermediate casing will be cemented as follows from 3,700'- 7,000':**

**Cement volume = Gauge hole + 25%**

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead:	8 5/8"	50/50 POZ'G 5% Salt (BWOW) 0.6% HALAD 322 0.25#/sk Flowcele 0.2% Super CBL 2% Micro Bond	1,361 sks +/-	1.25ft³/sk	5.26	14.35 ppg

**Production casing will be cemented as follows from 6,800' - 10,500:**

**Note: Lead should be 200' above the Wasatch.**

**Cement volume = Gauge hole + 25%**

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Water Mix</u>	<u>Cement Weight</u>
Lead:	4 ½	PREM.AG300 50/50 POZ "G" CMT 2% Gel 0.4% Halad 344 0.25% HR-12 0.2% CFR-3 5#/sk Sillicalite 20% SSA-1 0.25#/sk Flowcele 0.2% Super CBL	608 sks +/-	1.73ft³/sk	8.17	13.5 ppg

**5. BOP and Pressure Containment Data:**

A 5000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 13 3/8" surface casing. An upper kelly cock to the required pressure rating with a handle available shall be employed.

The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

**6. Mud Program:**

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-3,900	Air/Clear Water	-----	No Control	Water/Gel
3,900-T.D.	8.4-12.0	30-45	8-10	LSND
water based mud system				

**Note:** Mud weights may exceed 12.0 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure. Operator will have on location sufficient mud and weight material to increase mud weight to 12.0 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

**7. Testing, Coring, Sampling and Logging:**

- a) DST: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Mud Sampling: Every 10' from 3,900' to T.D.
- d) Logging: 

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

**8. Abnormalities (including sour gas)**

Anticipated bottom hole pressure will be less than 5000 psi. No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H<sub>2</sub>S.

**9. Other facets of the proposed operation:**

**Off set well information**

**Abandoned Wells:**

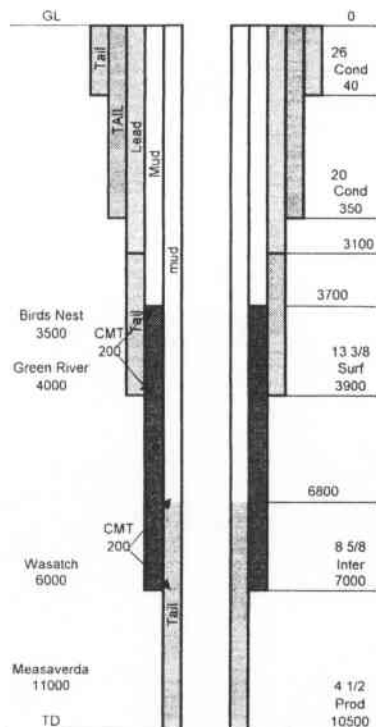
Federal #1

North Ouray Unit #3

North Ouray Unit #2

**10. Drilling Schedule:**

The anticipated starting date is 1/01/2007. Duration of operations is expected to be 30 days.



Well Name Pelican Lake 11-3-8-20

14-Jul-2006 21-Jul-2006

8 00 13 00

#### Proposed Casing

	Open				Csg	Csg		Internal	
	Hole	Csg	Csg	Csg	Coupling &	Setting	Csg	Yield	Collapse
	Size	Size	WT	Grade	Tread	Depth	New/Used	PSI	PSI
Conductor #1	30	26	68.75	A430		40	New	500	
Conductor #2	24	20	94	H-40	ST&C	350	New	2110	520
Surface	17 1/2	13 3/8	72	N-80	ST&C	3900	New	5380	2670
Intermediate	11	8 5/8	36	K-55	LT&C	7000	New	3930	2530
Production	7 7/8	4 1/2	11.6	N-80	LT&C	7700	New	7780	6350
Production	7 7/8	4 1/2	13.5	P110	LT&C	10500	New	12410	10680

#### Estimated Formation Tops and Datum

Formation	Depth	Datum
Uintah	Surface	4768
Birds Nest	3500	1268
Green River	4000	768
Wasatch	6000	-1232
Measaverda	11000	-6232
TD	10500	-5732

#### Cement Program

##### Conductor Casing # 1

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	26	Portland CMT	118	1.15	5	15.8
Top	0	Class IA-4				
Bottom	40	Integral Air-entraining Agent				

##### Conductor Cement Volume Calculation # 1

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	135	24	118	176

##### Conductor Casing Cement Data # 1

Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	Cuft/ft	Bbls/ft
					30 X 26	68#XOH	3.3816 0.6023
Lead	26	30	40	3.3816	0.6023		

##### Conductor Casing # 2

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	0	Portland CMT	247	1.5	5	15.8
Top	0	Class "G"				
Bottom	350	2% Calcium Chloride 1/4#/Sk Floccle				

##### Conductor Cement Volume Calculation # 2

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/50% Excess
Lead	0	40	40	60	11	40	60
Lead	40	350	310	38	7	207	310

##### Conductor Casing Cement Data # 2

Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus	Cuft/ft	Bbls/ft
					26X 20	68.75#X94#	1.5053 0.2681
					24 X 20	94#XOH	0.9599 0.171
Lead	26	24	40	1.5053	0.2681		
Lead	24	20	310	0.9599	0.171		

#### Surface Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
Lead	13 3/8	Premium 5	742	3.82	23	11
Top	0	16% Gel				
Bottom	3900	10 #/sk gilsonite 3% Salt 3 #/sk GB3 25 #/sk floccle				
Tail	13 3/8	Class "G"	589	1.18	5	15.6
Top	0	2% Calcium Chloride				



Bottom	3900	25 #/sk flocele				
Top Job		Class "G"	10-200 sks	1.15	5	15.8
		4% Calcium Chloride				
		25 #/sk flocele				

#### Surface Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess
Lead	0	350	350	357	84	93	117
Lead	350	3100	2750	1910	340	500	625
						Total	742
Tail	3100	3900	800	556	99	471	589

#### Surface Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus		Cuft/ft	Bbls/ft
						20 X 13 3/8	94#/66#	1.019	0.1815
						17.5 X 13 3/8	68#/OH	0.6946	0.1237
Lead	13 3/8	12 5/7	350	1.019	0.1815				
Lead	13 3/8	12 1/4	2750	0.6946	0.1237				
Tail	13 3/8	12 1/4	800	0.6946	0.1237				

#### Intermediate Casing

	Casing Size	Cement Type	Cement Amount Sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight Ppg
	8 5/8	50/50 POZ G CMT	1361	1.25	5.26	14.35
Top	0	5% Salt (BWOW)				
Bottom	7000	6% HALAD 322				
		25#/sk Flowceele				
		2% SUPER CBL				
		2% Micro BOND				

#### Intermediate Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess
	3700	3900	200	87	16	12	12
	3900	7000	3100	1348	240	1079	1348
						Total	1361

#### Intermediate Casing Cement Data

	Csg Size In.	Hole Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus		Cuft/ft	Bbls/ft
						13 5/8 X 8 5/8	68#/36#	0.4349	0.0775
						11 X 8 5/8	36#/OH	0.2016	0.0359
	8 5/8	10 3/4	200	0.4349	0.0775				
	8 5/8	11	3100	0.2016	0.0359				

#### Production Casing

	Casing Size	Cement Type	Cement Amount sks	Cement Yield Cuft/sk	Mix Water Gal/sk	Cement Weight ppg
Lead	4 1/2	PREM AG300	608	1.73	8.17	13.5
Top	0	50/50 POZ "G" CMT				
Bottom	10500	2% GEL				
		4% Helad 344				
		25% HR-12				
		2% CFR-3				
		5#/sk Silicalite				
		20% SSA-1				
		25#/sk FLOWCELE				
		2% Super CBL				

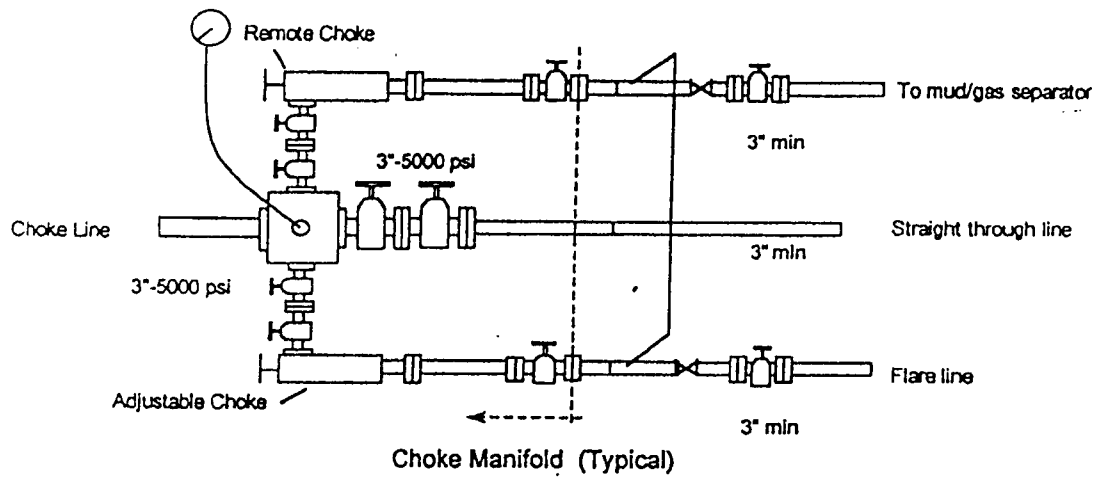
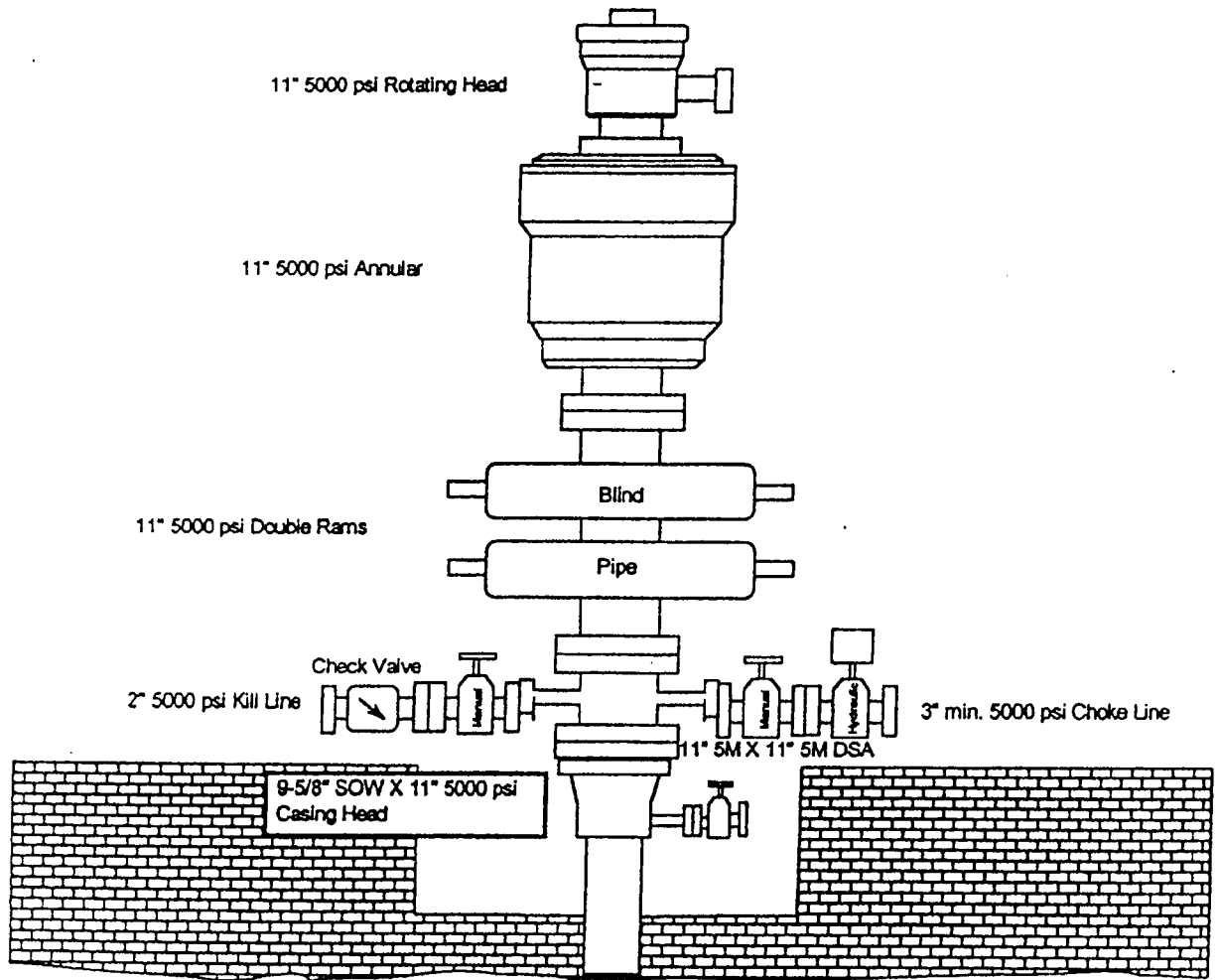
#### Production Cement Volume Calculation

	Top	Bottom	Ft/hole	Hole Volume Cuft	Hole Volume Bbls	Cement Amount sks	Cement Amount w/25% Excess
Lead	6800	7000	200	45	8	26	32
Lead	7000	10500	3500	797	142	461	576
						Total	608

#### Production Casing Cement Data

	Csg Size In.	Hole/Csg Size In.	Ft Hole	Coeff Cuft/ft	Coeff Bbls/ft	Annulus		Cuft/ft	Bbls/ft
						4.5 X 8 5/8	17#/36#	0.2235	0.0398
						4.5 X 7 7/8	20#/OH	0.2278	0.0406
Lead	4 1/2	8 5/8	200	0.2235	0.0398				
Lead	4 1/2	8 5/8	3500	0.2278	0.0406				

# BOPE Diagram 5000 psi WP



**THE HOUSTON EXPLORATION COMPANY**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**PELICAN LAKE 11-3-8-20**

**LOCATED IN NE  $\frac{1}{4}$  SW  $\frac{1}{4}$**

**SECTION 3, T.8S, R20E, S.L.B.&M.**

**UINTAH COUNTY, UTAH**

**LEASE NUMBER: UTU-76498**

**SURFACE OWNERSHIP: FEDERAL**

1. Existing Roads:

**The Houston Exploration Company**

**Pelican Lake 11-3-8-20**

**Section 3, T. 8S, R. 20E**

**Proceed in a westerly direction from Vernal, Utah along US Highway 40 approximately 14 miles to the junction of State Highway 88. Exit left and proceed in a southerly direction along State Highway 88 approximately 12.3 miles to the intersection of a class D county road. Exit left and proceed in a southeasterly direction along the class D county road approximately 0.2 miles to the proposed access road; follow road flags in a northeasterly direction approximately 1,310 feet to the proposed location.**

**Total distance from Vernal, Utah to the proposed well location is approximately 26.7 miles.**

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

**The proposed access road will be approximately 1,310' of new construction on lease. The road will be graded once per year minimum and maintained.**

<b>A) Approximate length</b>	<b>1310 ft</b>
<b>B) Right of Way width</b>	<b>30 ft</b>
<b>C) Running surface</b>	<b>18 ft</b>

<b>D) Surface material</b>	<b>Native soil</b>
<b>E) Maximum grade</b>	<b>8%</b>
<b>F) Fence crossing</b>	<b>None</b>
<b>G) Culvert</b>	<b>None</b>
<b>H) Turnouts</b>	<b>None</b>
<b>I) Major cuts and fills</b>	<b>None</b>
<b>J) Road Flagged</b>	<b>Yes</b>
<b>K) Access road surface ownership</b>	<b>Federal</b>
<b>L) All new construction on lease</b>	<b>Yes</b>
<b>M) Pipe line crossing</b>	<b>No</b>

Please see the attached location plat for additional details.

**An off lease right-of-way will not be required.**

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

<b>A) Producing well</b>	<b>None</b>
<b>B) Water well</b>	<b>None</b>
<b>C) Abandoned well</b>	<b>None</b>
<b>D) Temp. abandoned well</b>	<b>None</b>
<b>E) Disposal well</b>	<b>None</b>
<b>F) Drilling /Permitted well</b>	<b>None</b>
<b>G) Shut in wells</b>	<b>None</b>
<b>H) Injection well</b>	<b>None</b>
<b>I) Monitoring or observation well</b>	<b>None</b>

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

(American Gas Association) standards for gas and liquid hydrocarbon measurement.

such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

5. Location and type of water supply

**Water for drilling and cementing will come from a Vernal City Tap at 355 S 1000 E (Dalbo/ A-1 Tank.)**

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. **Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length	345 ft.
B) Pad width	260 ft.
C) Pit depth	12 ft.
D) Pit length	150 ft.
E) Pit width	75 ft.
F) Max cut	15.2 ft.
G) Max fill	3.6 ft.
H) Total cut yds.	5,540 cu yds
I) Pit location	East end
J) Top soil location	South & West ends
K) Access road location	North end
L) Flare Pit	Corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,500** cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be re-contoured.**

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

**A) Seeding dates:**

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

**B) Interim Seed Mix**

**4#/acre Indian Rice Grass**

**4#/acre Crested Wheat Grass**

**4#/acre Needle & Thread Grass**

**11. Surface ownership:**

**Access road**

	<b>Federal</b>
<b>Location</b>	<b>Federal</b>
<b>Pipeline</b>	<b>Federal, State &amp; Fee</b>

**12. Other information:**

**A) Vegetation**

The vegetation coverage is slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

**B) Dwellings:**

There are no dwellings or other facilities within a one-mile radius of the location.

**C) Archeology:**

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical

sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

**The nearest water is Pelican Lake, 3 miles to the Northwest.**

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction  
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion  
prior to moving on the drilling rig.
- c) Spud notice  
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing  
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests

At least twenty-four (24) hours prior to initial pressure tests.

- f) First production notice  
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit outside the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan  
Rocky Mountain Consulting  
290 S 800 E  
Vernal, UT 84078

Office 435-789-0968  
Fax 435-789-0970  
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be



furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

**B) Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston Exploration Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

**Onsite Dates: 5/30/06**

**Self Certification Statement**

**The following self-certification statement is provided per Federal requirements dated June 15, 1988.**


**Please be advised that The Houston Exploration Company is considered to be the operator of the following well:**

**Pelican Lake 11-3-8-20  
Section 3, T. 8S, R. 20E  
NE ¼ of the SW ¼  
Lease UTU-76498  
Uintah County, Utah**

**The Houston Exploration Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.**

**Bond UTU-104155044 provides state-wide bond coverage on all Federal Lands.**

Date 7/31/06

  
William A. Ryan, Agent  
Rocky Mountain Consulting

### **Statement of use of Hazardous Materials**

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan  
Agent for The Houston Exploration Company  
Rocky Mountain Consulting  
290 S 800 E  
Vernal, UT 84078

435-789-0968 Office  
435-828-0968 Cell  
435-789-0970 Fax

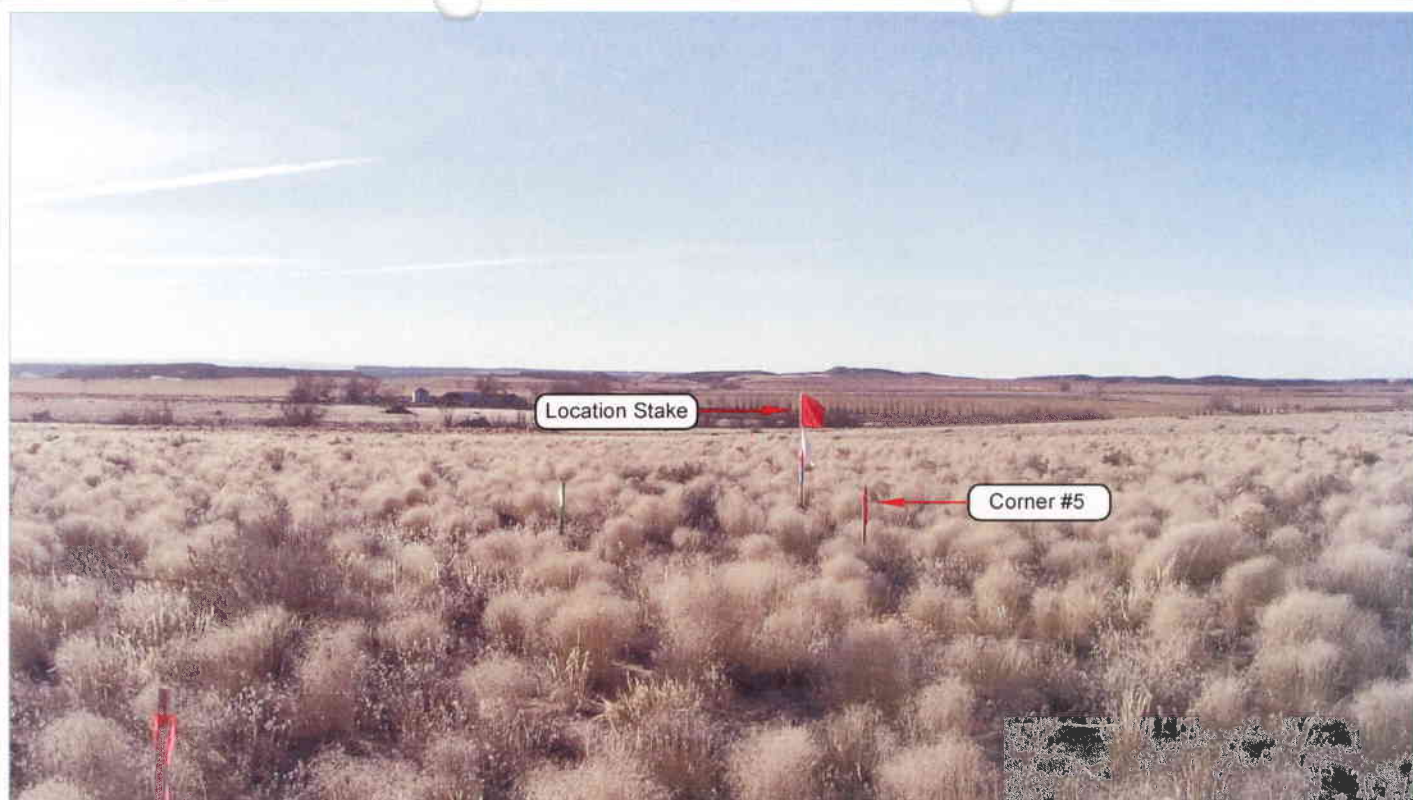


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY

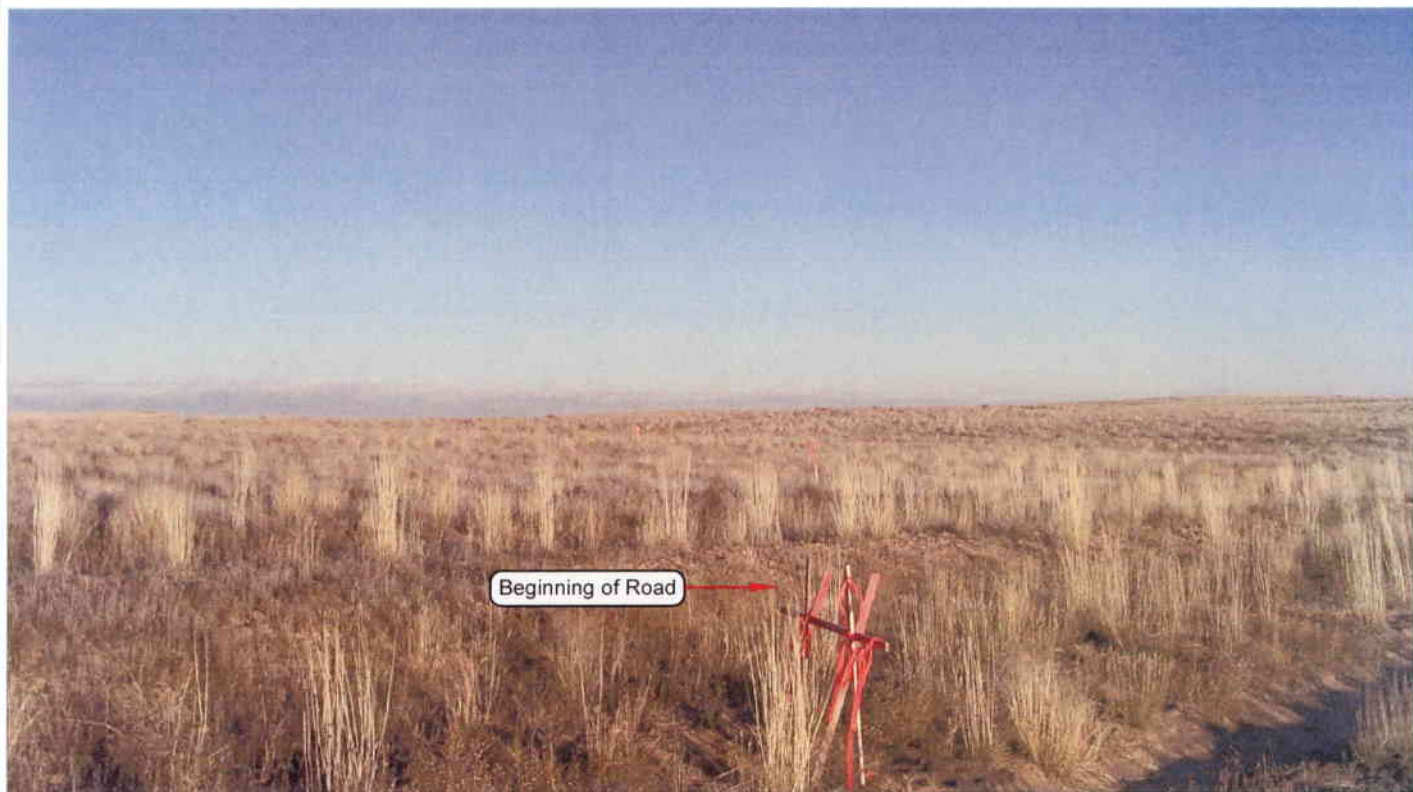


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: EASTERLY

**THE HOUSTON EXPLORATION COMPANY**

**PELICAN LAKE 11-3-8-20  
SECTION 3, T8S, R20E, S.L.B.&M.  
1993' FSL & 1986' FWL**

**LOCATION PHOTOS**

TAKEN BY: K.R.K.

DRAWN BY: M.W.W.

DATE TAKEN: 11-28-05

DATE DRAWN: 11-30-05

REVISED: 06-29-06 B.J.Z.

**Timberline Land Surveying, Inc.**  
38 West 100 North Vernal, Utah 84078  
(435) 789-1365

**SHEET  
1  
OF 10**

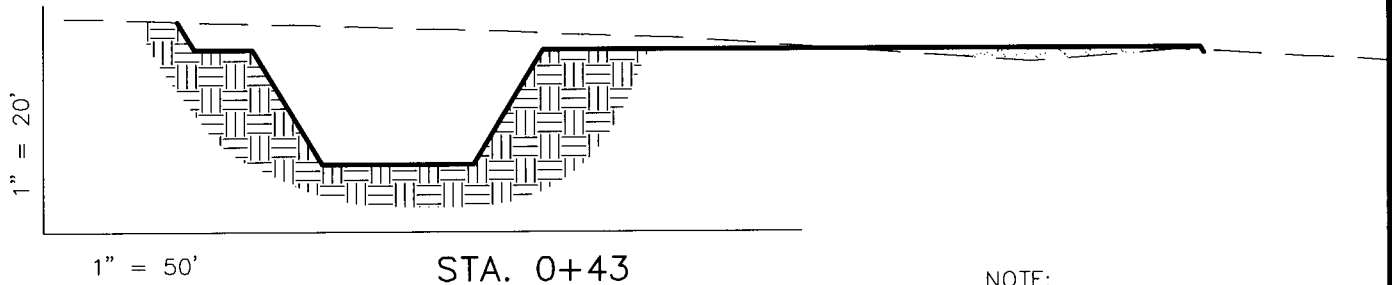
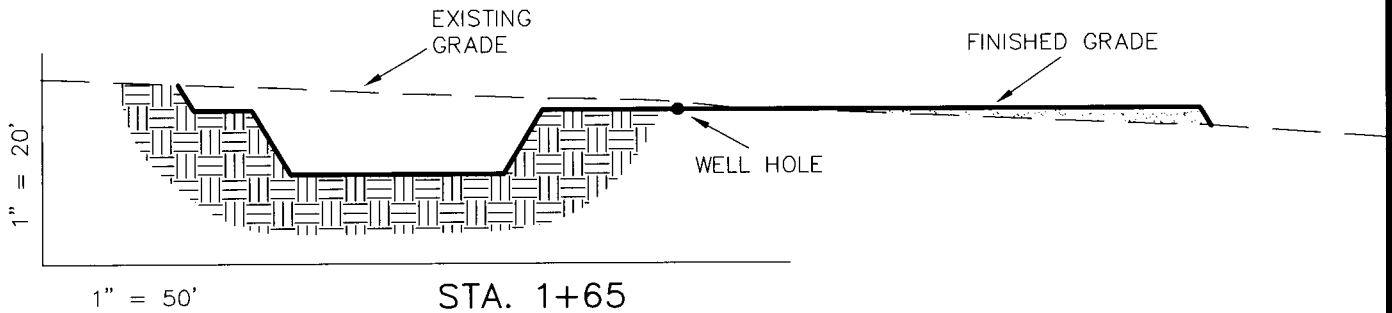
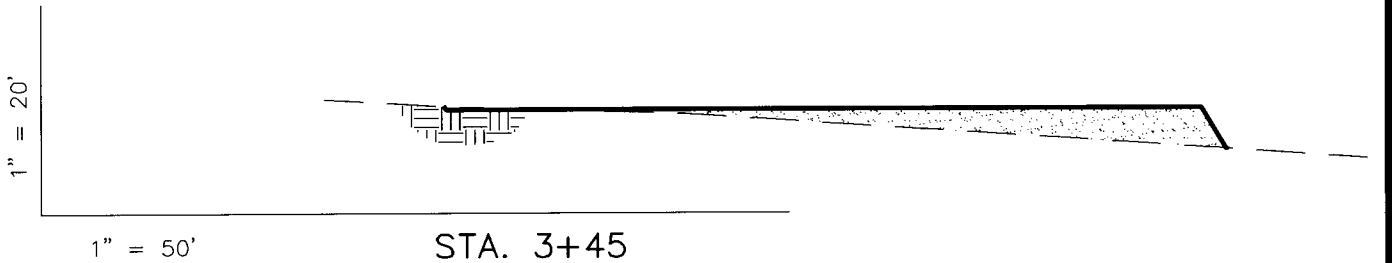
CUT SHEET  
PELICAN LAKE 11-3-8-20



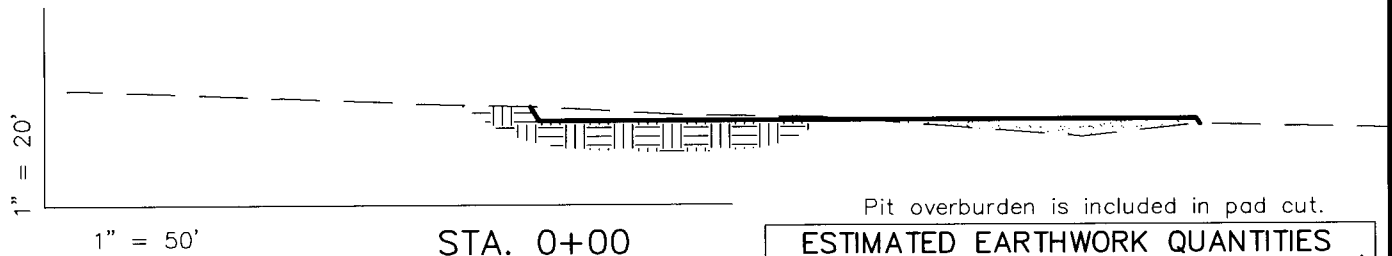
Section 3, T8S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE SW		Footage Location: 1993' FSL & 1986' FWL	
Date Surveyed: 11-28-05	Date Drawn: 11-29-05	Date Last Revision: 06-29-06 BJ.Z.	<i>Timberline</i> (435) 789-1365 <i>Land Surveying, Inc.</i> 38 WEST 100 NORTH VERNAL, UTAH 84078		<b>SHEET</b> <b>3</b> <b>of 10</b>
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'			

# THE HOUSTON EXPLORATION COMPANY

## CROSS SECTIONS PELICAN LAKE 11-3-8-20



NOTE:  
UNLESS OTHERWISE NOTED  
ALL CUT/FILL SLOPES ARE  
AT 1.5:1



### REFERENCE POINTS

185' WESTERLY = 4765.5'  
235' WESTERLY = 4763.0'  
215' NORTHERLY = 4769.2'  
265' NORTHERLY = 4768.7'

Pit overburden is included in pad cut.  
**ESTIMATED EARTHWORK QUANTITIES**  
(No shrink or swell adjustments have been used)  
(Expressed in Cubic Yards)

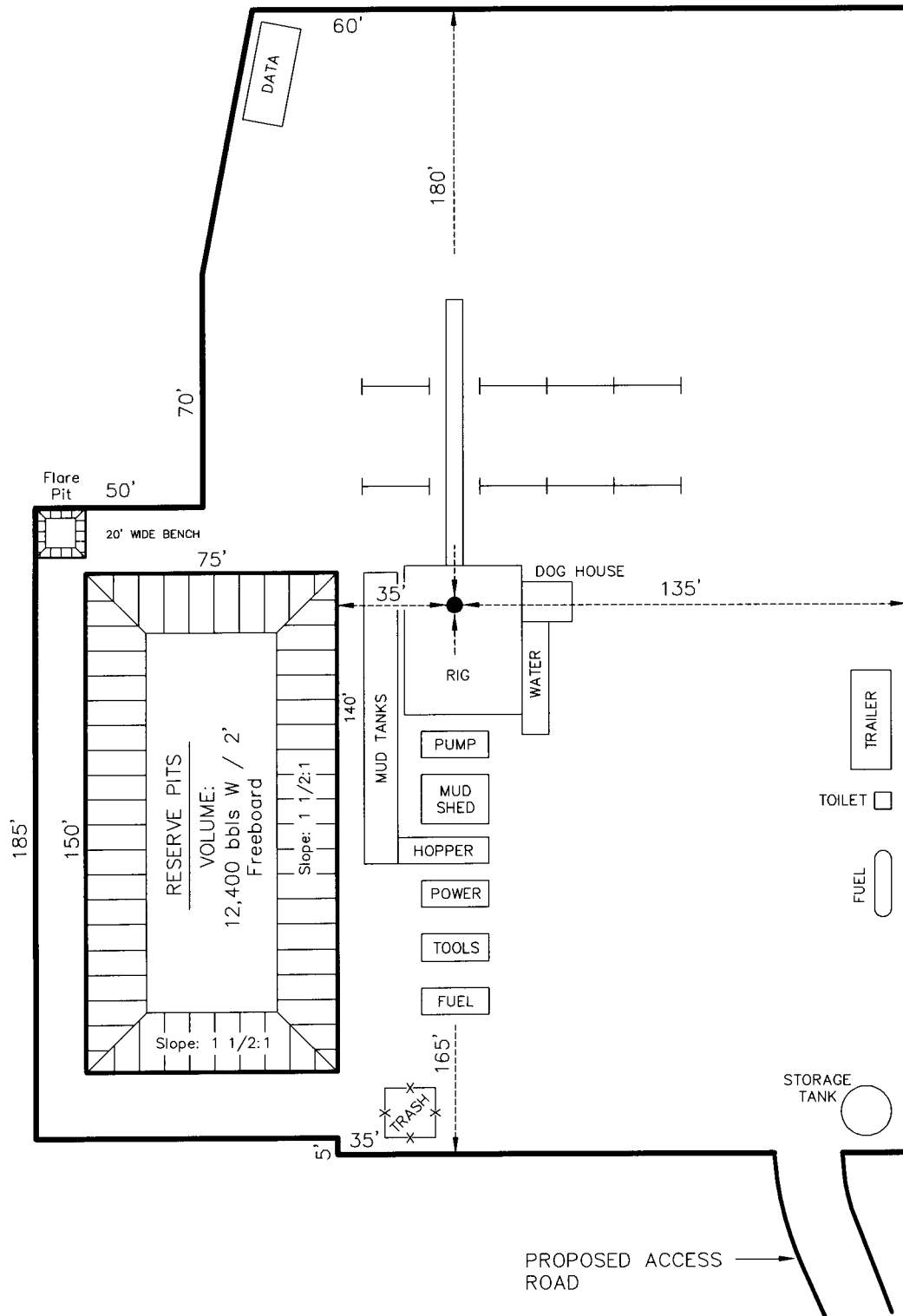
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	2,200	2,200	Topsoil is not included in Pad Cut	0
PIT	3,340	0		3,340
TOTALS	5,540	2,200	1,500	3,340

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

Section 3, T8S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE SW	Footage Location: 1993' FSL & 1986' FWL
Date Surveyed: 11-28-05	Date Drawn: 11-29-05	Date Last Revision: 06-29-06 BJ.Z.	<b>Timberline</b> <i>Land Surveying, Inc.</i> (435) 789-1365 38 WEST 100 NORTH VERNAL, UTAH 84078
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'	
			<b>SHEET</b> <b>4</b> of 10

# THE HOUSTON EXPLORATION COMPANY

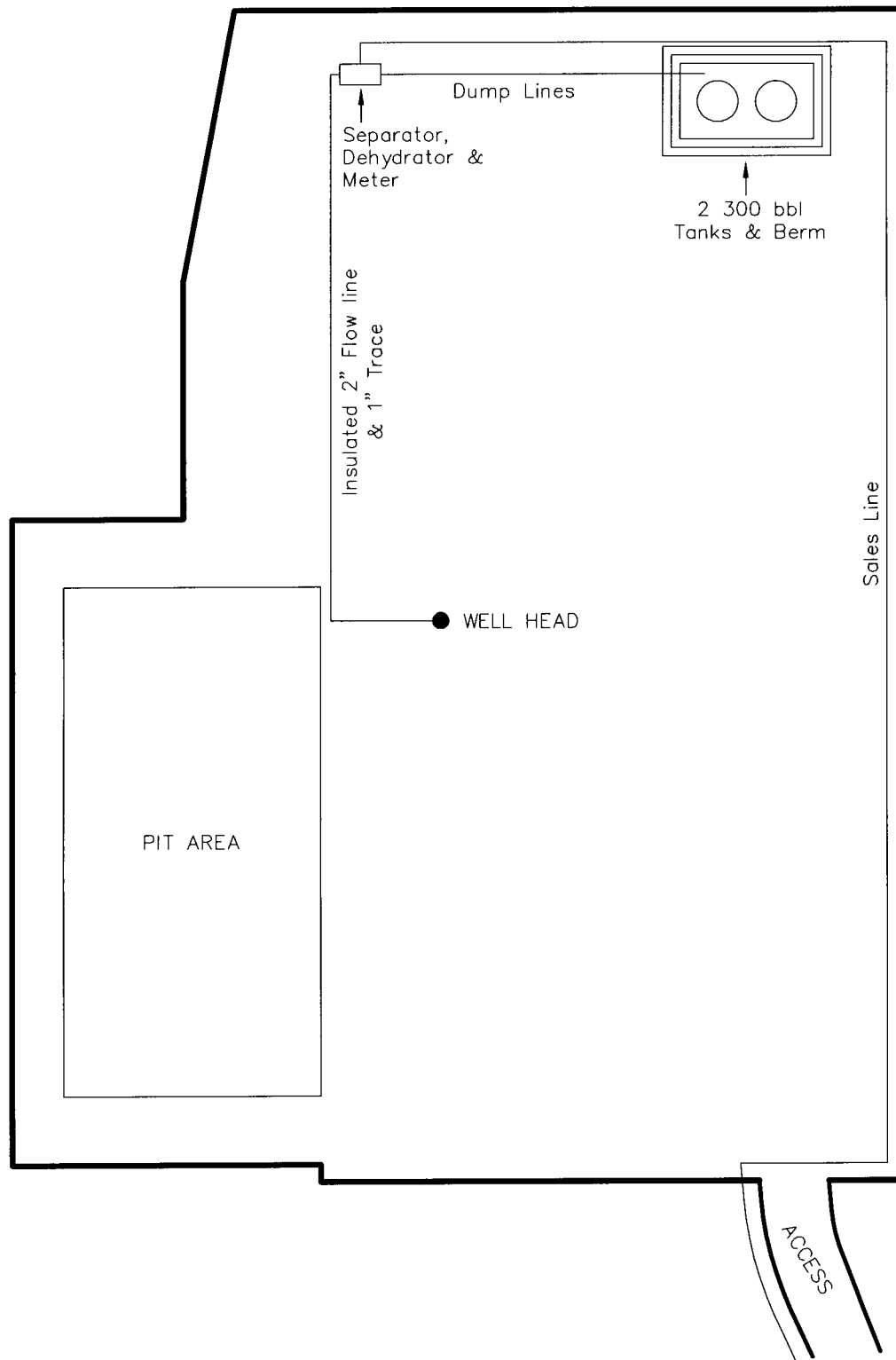
## TYPICAL RIG LAYOUT PELICAN LAKE 11-3-8-20



Section 3, T8S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE SW	Footage Location: 1993' FSL & 1986' FWL
Date Surveyed: 11-28-05	Date Drawn: 11-29-05	Date Last Revision: 06-29-06 BJ.Z.	<b>Timberline</b> (435) 789-1365
Surveyed By: K.R.K.	Drawn By: M.W.W.	Scale: 1" = 50'	<b>Land Surveying, Inc.</b>
38 WEST 100 NORTH VERNAL, UTAH 84078			<b>SHEET 5 of 10</b>

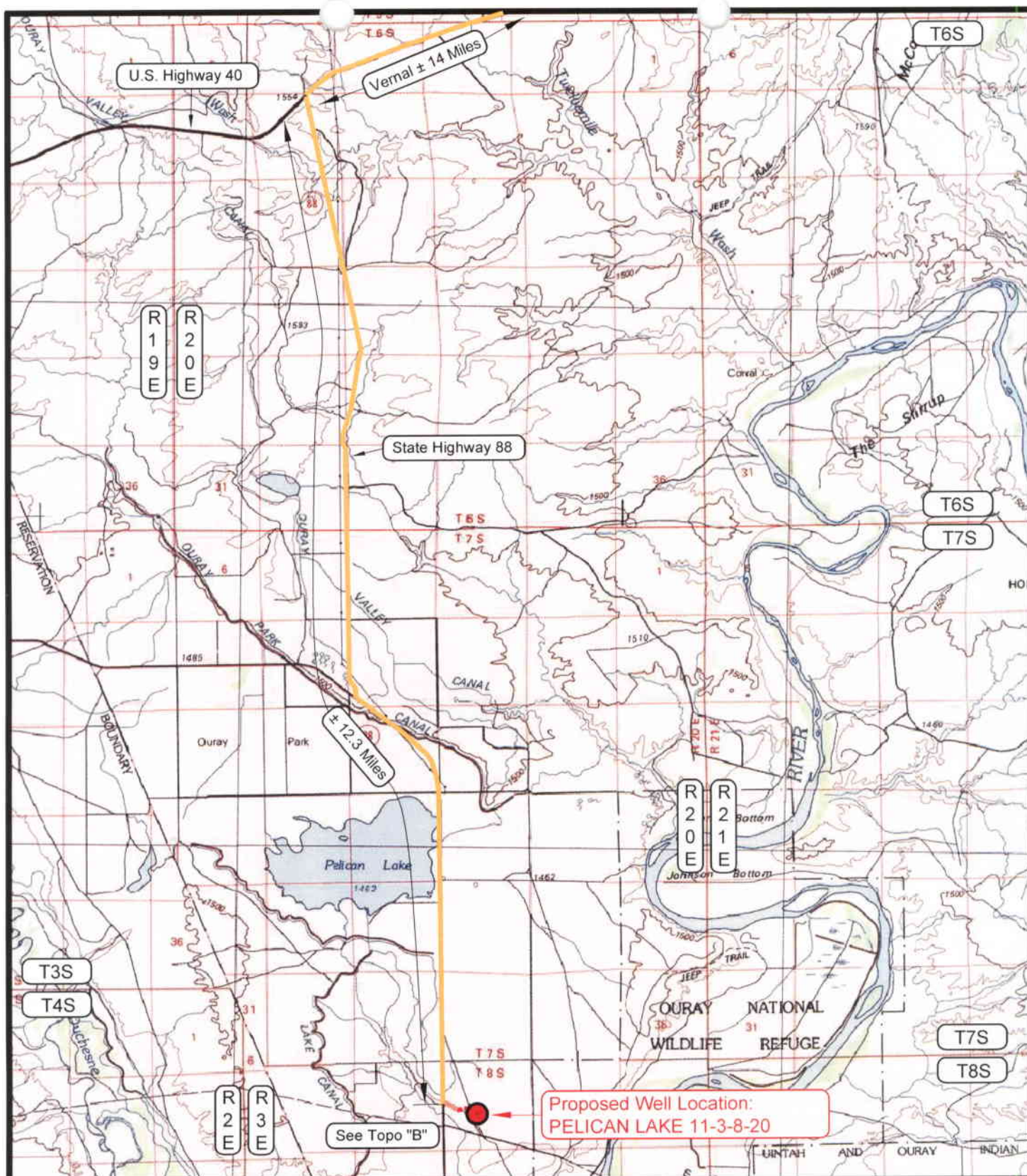
# THE HOUSTON EXPLORATION COMPANY

## TYPICAL PRODUCTION LAYOUT PELICAN LAKE 11-3-8-20



Section 3, T8S, R20E, S.L.B.&M.		Qtr/Qtr Location: NE SW	Footage Location: 1993' FSL & 1986' FWL
Date Surveyed: 06-24-06	Date Drawn: 06-27-06	Date Last Revision: 06-29-06 B.J.Z.	<b>Timberline</b> (435) 789-1365 <b>Land Surveying, Inc.</b>
Surveyed By: K.R.K.	Drawn By: B.J.Z.	Scale: 1" = 50'	38 WEST 100 NORTH VERNAL, UTAH 84078
			<b>SHEET</b> <b>6</b> <b>OF 10</b>





#### LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

#### TOPOGRAPHIC MAP "A"

SCALE: 1:100,000

DRAWN BY: M.W.V.

DATE SURVEYED: 11-28-05

DATE DRAWN: 11-29-05

REVISED: 06-29-06 B.J.Z.

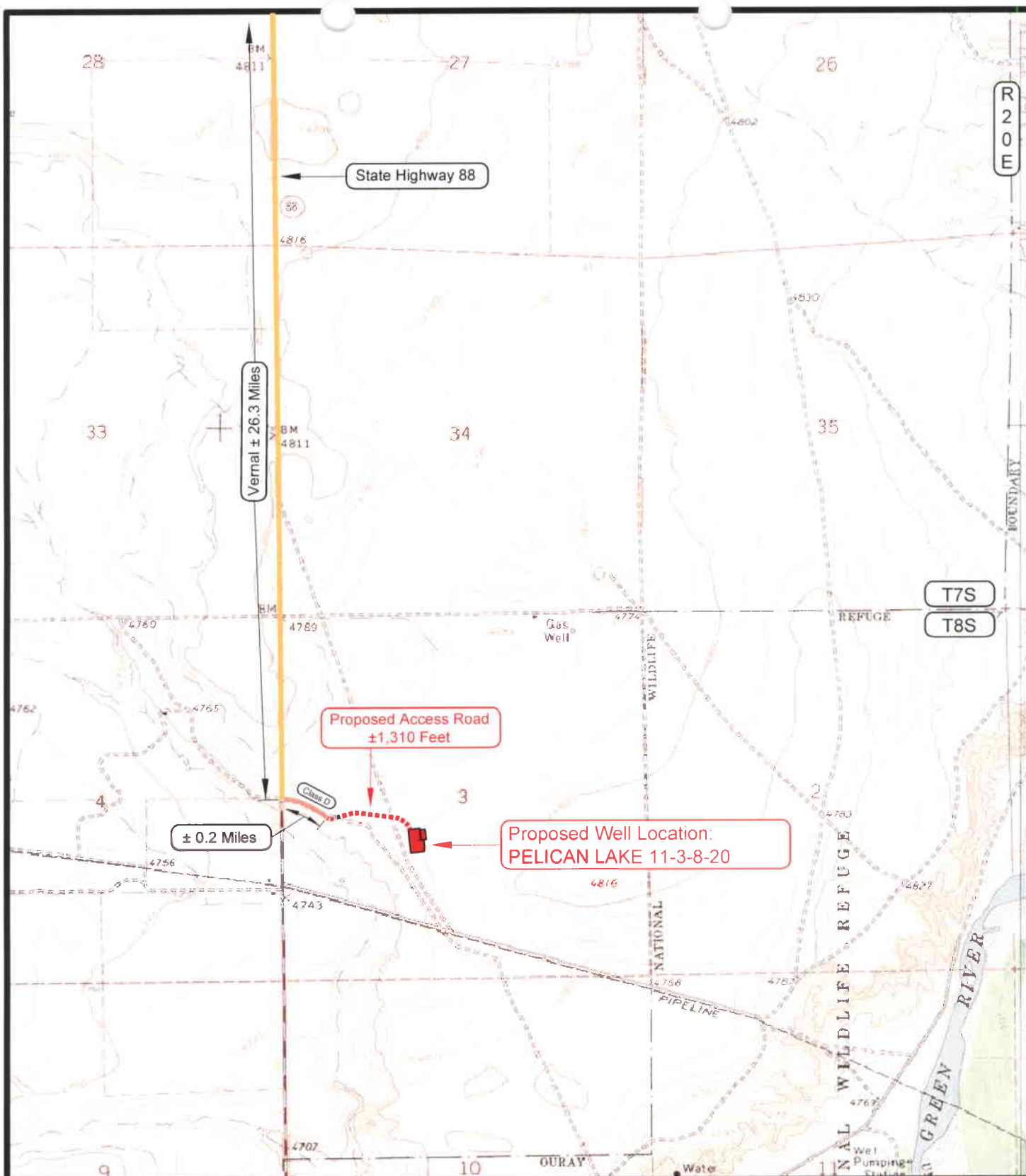
#### THE HOUSTON EXPLORATION COMPANY

**PELICAN LAKE 11-3-8-20**  
**SECTION 3, T8S, R20E, S.L.B.&M.**  
**1993' FSL & 1986' FWL**

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**7**  
**OF 10**





#### LEGEND

- PROPOSED ACCESS ROAD
- = SUBJECT WELL
- XXXXX = SHARED ACCESS
- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- (B-5460) = COUNTY ROAD CLASS & NUMBER
- = LEASE LINE AND / OR PROPERTY LINE

#### TOPOGRAPHIC MAP "B"

SCALE: 1" = 2000'

DRAWN BY: M.W.W.

DATE SURVEYED: 11-28-05

DATE DRAWN: 11-30-05

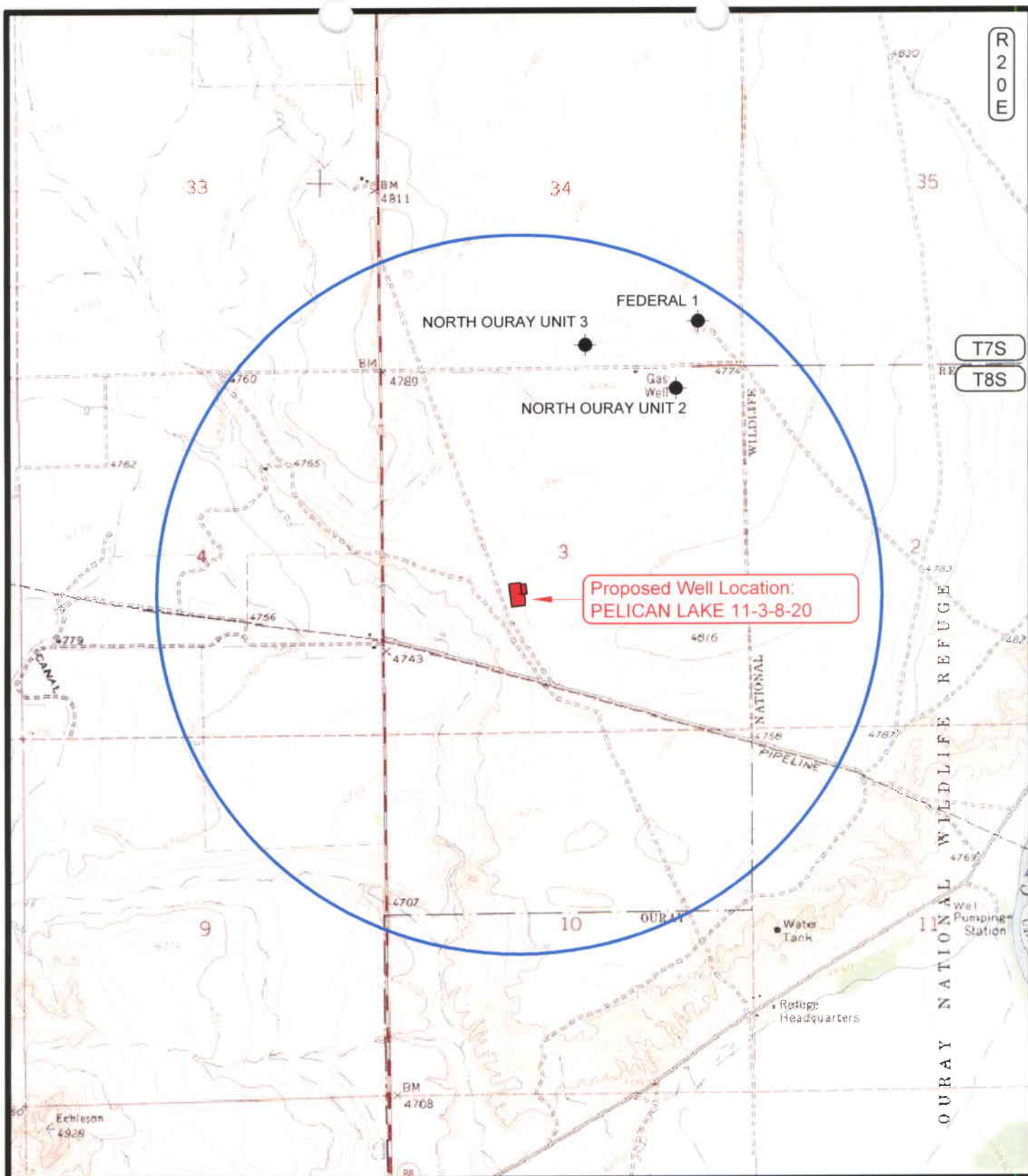
REVISED: 07-16-06 J.R.S.

#### THE HOUSTON EXPLORATION COMPANY

**PELICAN LAKE 11-3-8-20**  
**SECTION 3, T8S, R20E, S.L.B.&M.**  
**1993' FSL & 1986' FWL**

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**8**  
**OF 10**



#### LEGEND

- |                    |                                |
|--------------------|--------------------------------|
| ⊗ = DISPOSAL WELL  | ⊗ = WATER WELL                 |
| ● = PRODUCING WELL | ● = ABANDONED WELL             |
| ● = SHUT IN WELL   | ● = TEMPORARILY ABANDONED WELL |
| ○ = PROPOSED WELL  | ⊕ = ABANDONED LOCATION         |

**TOPOGRAPHIC MAP "C"**

SCALE: 1" = 2000'

DRAWN BY: M.W.V.

DATE SURVEYED: 11-28-05

DATE DRAWN: 11-30-05

REVISED: 06-29-06 B.J.Z.

#### THE HOUSTON EXPLORATION COMPANY

**PELICAN LAKE 11-3-8-20**  
**SECTION 3, T8S, R20E, S.L.B.&M.**  
**1993' FSL & 1986' FWL**

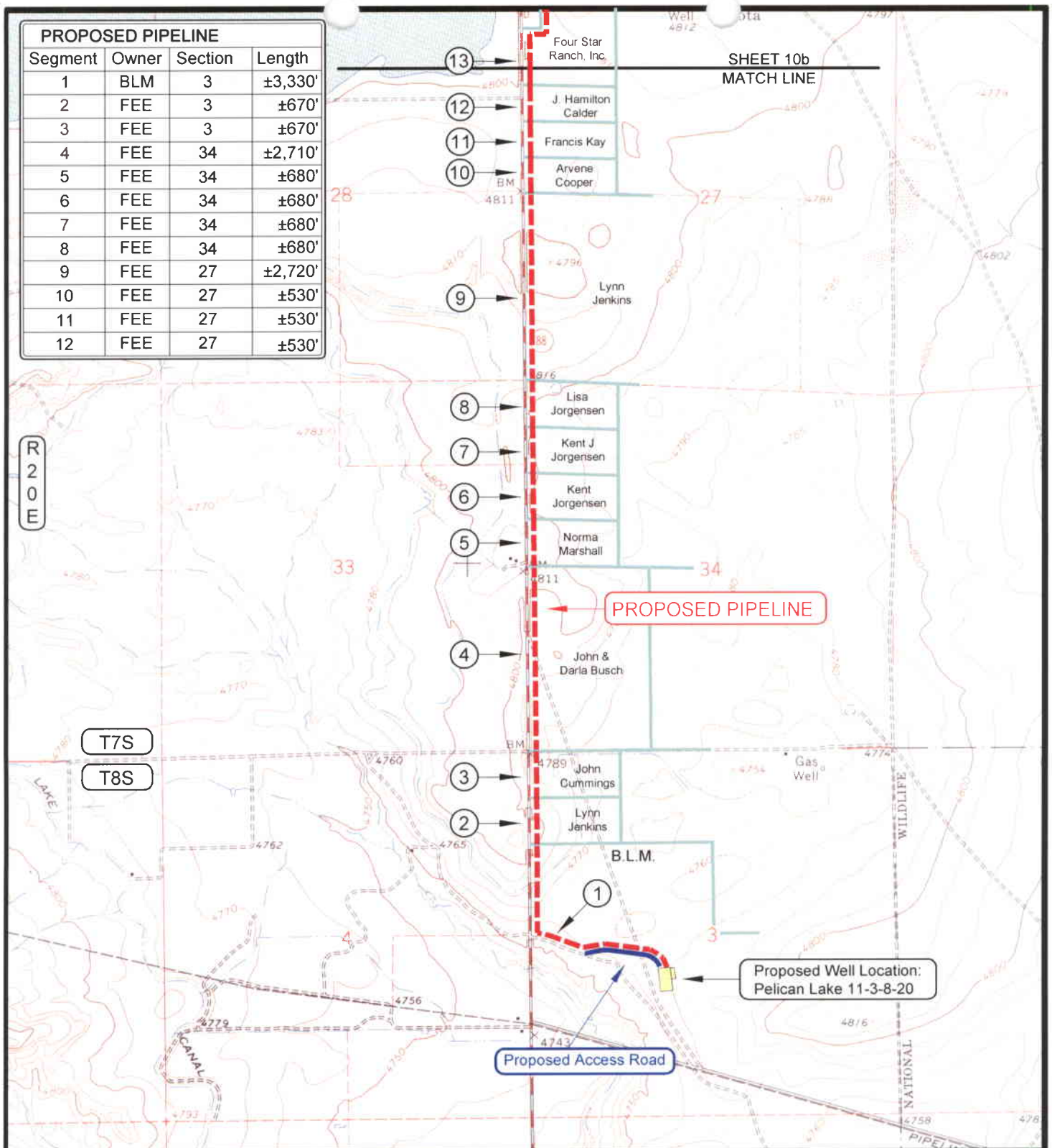
**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**9**  
**OF 10**

# PROPOSED PIPELINE

Segment	Owner	Section	Length
1	BLM	3	±3,330'
2	FEE	3	±670'
3	FEE	3	±670'
4	FEE	34	±2,710'
5	FEE	34	±680'
6	FEE	34	±680'
7	FEE	34	±680'
8	FEE	34	±680'
9	FEE	27	±2,720'
10	FEE	27	±530'
11	FEE	27	±530'
12	FEE	27	±530'

SHEET 10b  
MATCH LINE



## LEGEND

- = PROPOSED PIPELINE
- = OTHER PIPELINE
- = PROPOSED ACCESS ROAD
- = SUBJECT WELL
- = OTHER WELLS
- = LEASE LINE AND / OR PROPERTY LINE

TOPOGRAPHIC MAP "D1"

DATE SURVEYED: 06-23-06

DATE DRAWN: 06-26-06

SCALE: 1" = 2000'

DRAWN BY: BJ.Z.

REVISED: 7-14-06 J.R.S.

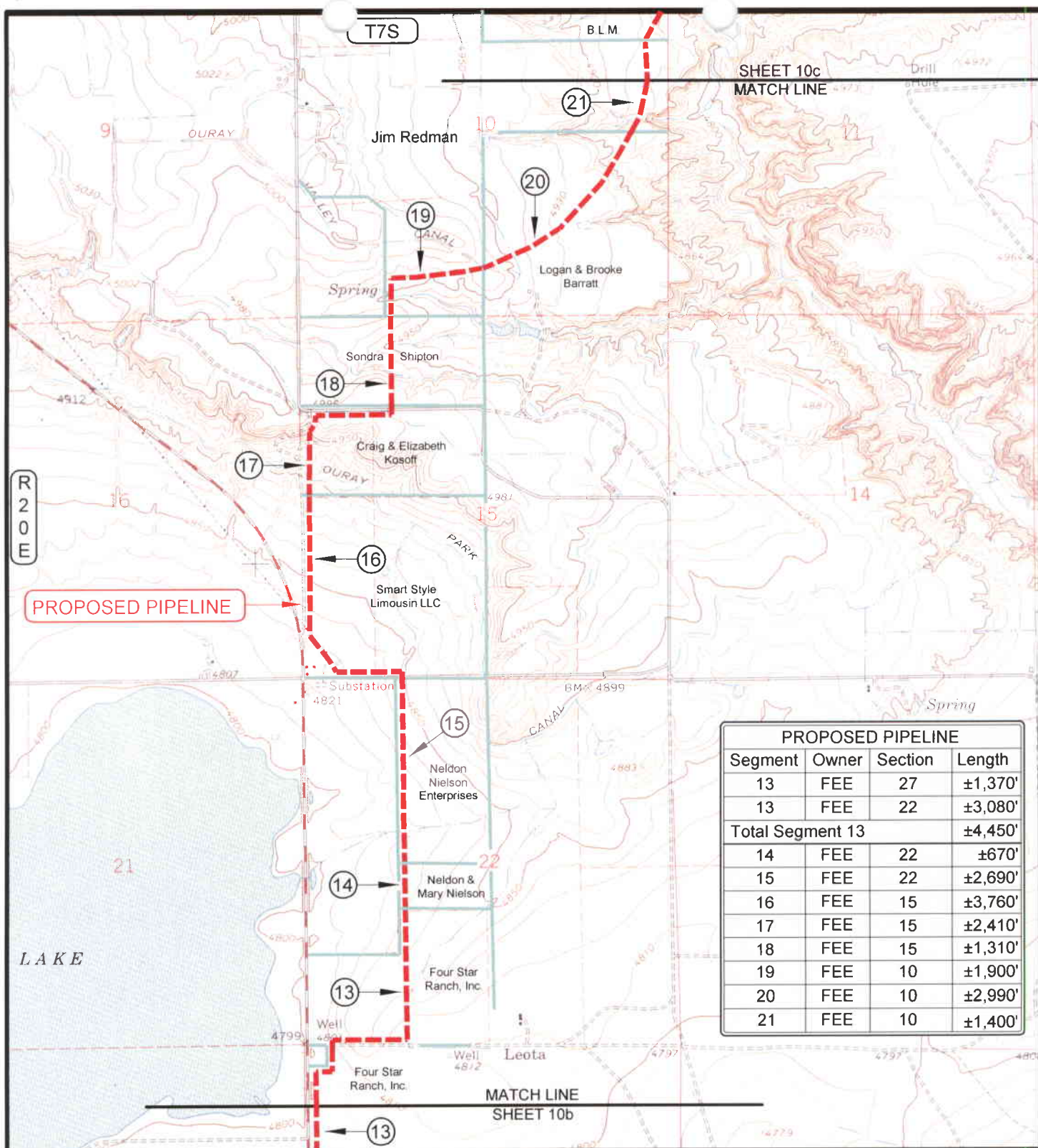
## THE HOUSTON EXPLORATION COMPANY

**Pelican Lake 11-3-8-20**  
**SECTION 3, T8S, R20E, S.L.B.&M.**  
**1993' FSL & 1986' FWL**

**Timberline Land Surveying, Inc.**  
38 West 100 North Vernal, Utah 84078  
(435) 789-1365

**SHEET**  
**10a**  
**OF 10**





PROPOSED PIPELINE			
Segment	Owner	Section	Length
13	FEE	27	±1,370'
13	FEE	22	±3,080'
Total Segment 13			±4,450'
14	FEE	22	±670'
15	FEE	22	±2,690'
16	FEE	15	±3,760'
17	FEE	15	±2,410'
18	FEE	15	±1,310'
19	FEE	10	±1,900'
20	FEE	10	±2,990'
21	FEE	10	±1,400'

## THE HOUSTON EXPLORATION COMPANY

**Pelican Lake 11-3-8-20**  
**SECTION 3, T8S, R20E, S.L.B.&M.**  
**1993' FSL & 1986' FWL**

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**10b**  
**OF 10**

SHEET  
10c  
OF 10



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/07/2006

API NO. ASSIGNED: 43-047-38445

WELL NAME: PELICAN LAKE 11-3-8-20  
OPERATOR: HOUSTON EXPLORATION CO, ( N2525 )  
CONTACT: BILL RYAN

PHONE NUMBER: 713-830-6800

PROPOSED LOCATION:

NESW 03 080S 200E  
SURFACE: 1993 FSL 1986 FWL  
BOTTOM: 1993 FSL 1986 FWL  
COUNTY: UINTAH  
LATITUDE: 40.14998 LONGITUDE: -109.6562  
UTM SURF EASTINGS: 614456 NORTHINGS: 4445059  
FIELD NAME: WILDCAT ( 1 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal  
LEASE NUMBER: UTU-76498  
SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD  
COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. 104155044 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. MUNICIPAL )  
☒ RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )  
☒ Fee Surf Agreement (Y/N)  
☒ Intent to Commingle (Y/N)

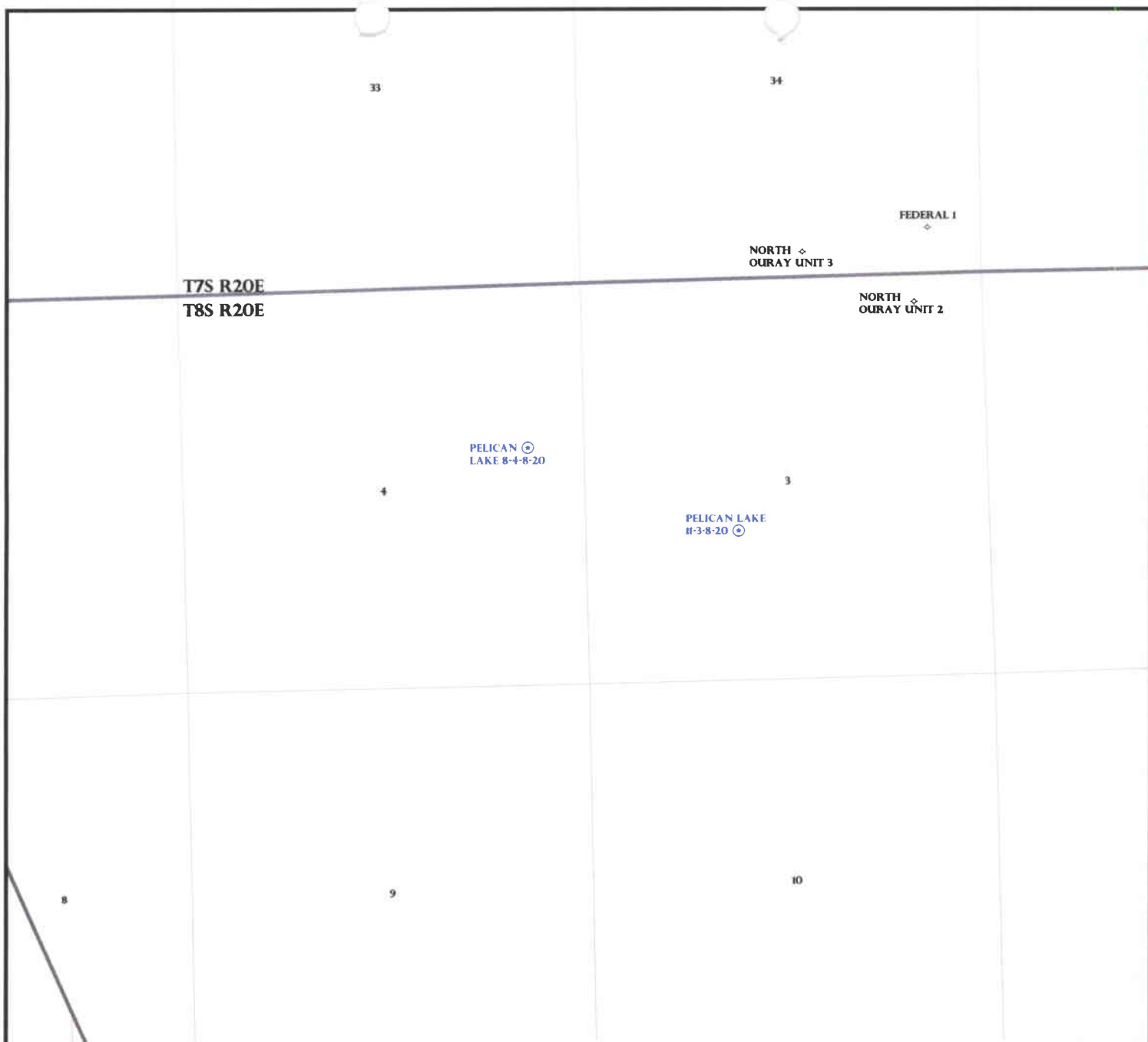
LOCATION AND SITING:

       R649-2-3.  
Unit: \_\_\_\_\_  
☒ R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells  
       R649-3-3. Exception  
       Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_  
       R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1- Elected Approval

2- Spacing & Sp



OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 3,4 T.8S R. 20E

FIELD: WILDCAT (001)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

#### Field Status

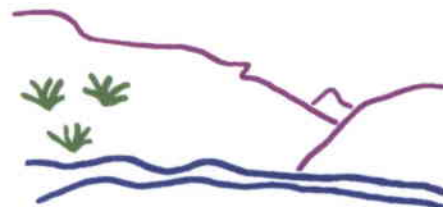
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

#### Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

#### Wells Status

- ✂ GAS INJECTION
- ✂ GAS STORAGE
- ✂ LOCATION ABANDONED
- ⊙ NEW LOCATION
- ✂ PLUGGED & ABANDONED
- ✂ PRODUCING GAS
- PRODUCING OIL
- ✂ SHUT-IN GAS
- SHUT-IN OIL
- ✂ TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- △ WATER SUPPLY
- △ WATER DISPOSAL
- ⊙ DRILLING



*Utah Oil Gas and Mining*



PREPARED BY: DIANA WHITNEY  
DATE: 11-AUGUST-2006



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

August 14, 2006

Houston Exploration Company  
1100 Louisiana, Ste. 2000  
Houston, TX 77002

Re: Pelican Lake 11-3-8-20 Well, 1993' FSL, 1986' FWL, NE SW, Sec. 3,  
T. 8 South, R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38445.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor  
Bureau of Land Management, Vernal District Office



**Operator:** Houston Exploration Company

**Well Name & Number** Pelican Lake 11-3-8-20

**API Number:** 43-047-38445

**Lease:** UTU-76498

**Location:** NE SW                      **Sec.** 3                      **T.** 8 South                      **R.** 20 East

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**2. Notification Requirements**

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

**3. Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.**

**5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76498
2. NAME OF OPERATOR: The Houston Exploration Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME: NA
PHONE NUMBER: (713) 830-6800		8. WELL NAME and NUMBER: Pelican Lake 11-3-8-20
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1993' FSL & 1986' FWL COUNTY: Uintah		9. API NUMBER: 4304738445
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 3 T8S 20E STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Exploratory

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator respectfully requests to extend approval for the subject location for one year.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 07-26-07  
By: [Signature]

NAME (PLEASE PRINT) <u>William A. Ryan</u>	TITLE <u>Agent</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/19/2007</u>

(This space for State use only)

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4304738445  
**Well Name:** Pelican Lake 11-3-8-20  
**Location:** Section 3, Township 8 South, Range 20 East NESW  
**Company Permit Issued to:** The Houston Exploration Company  
**Date Original Permit Issued:** 8/14/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

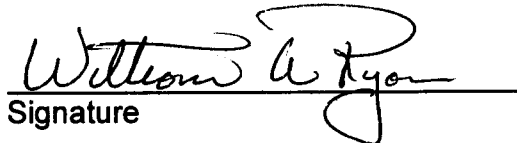
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

  
Signature

7/19/2007  
Date

Title: Agent

Representing: The Houston Exploration Company

**Division of Oil, Gas and Mining**  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. DJJ

2. CDW

Change of Operator (Well Sold)

**X - Operator Merger**

The operator of the well(s) listed below has changed, effective:

**6/1/2007**

**FROM: (Old Operator):**

N2525 - The Houston Exploration Company  
 1100 Louisiana, Suite 2000  
 Houston, TX 77002

Phone: 1-(713) 830-6800

**TO: (New Operator):**

N6965-Forest Oil Corporation  
 707 17th St, Suite 3600  
 Denver, CO 80202

Phone: 1 (303) 812-1755

CA No.				Unit:				
WELL NAME	SEC TWN RNG			API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/30/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/31/2007
- a. Is the new operator registered in the State of Utah: Business Number: 571171-0143
- b. If **NO**, the operator was contacted on: \_\_\_\_\_
- a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: \_\_\_\_\_
- c. Reports current for Production/Disposition & Sundries on: YES
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 7/31/2007 BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 8/27/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/27/2007
- Bond information entered in RBDMS on: 8/27/2007
- Fee/State wells attached to bond in RBDMS on: 8/27/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 7/30/2007

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: 6236351
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 6218963
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 8/1/2007

**COMMENTS:**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: See Attached List
2. NAME OF OPERATOR: Forest Oil Corporation <i>N6965</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached list		8. WELL NAME and NUMBER: See Attached List
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		9. API NUMBER: various
COUNTY:		10. FIELD AND POOL, OR WILDCAT:
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change of Operator</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

*N2525*  
Effective 6/1/2007 please change the operator for the attached list of Utah wells from The Houston Exploration Company N-2525) to Forest Oil Corporation (N-6965). Forest merged with The Houston Exploration Company, a copy of the merger document is attached.. The contract operated wells will continue to be contract operated by Enduring.

Forest Oil Corporation as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning approved operations conducted on the lease or portion of the lease described.

Forest Oil Corporation meets the State of Utah bonding requirements under Safeco bond #6218963.

Please send all future correspondence to Forest Oil Corporation at the above listed address.

Forest Oil Corporation, 707 17th Street, Suite #3600, Denver, CO 80202

*JCR*  
J. C. Ridens, Senior Vice President - Western Region

*7-5-07*  
Date

NAME (PLEASE PRINT) <u>Joanne C. Hresko</u>	TITLE <u>Vice President &amp; General Mgr. - Northern Division</u>
SIGNATURE <i>Joanne C. Hresko</i>	DATE <u>7-5-07</u>

(This space for State use only)

APPROVED *8/12/07*  
*Earlene Russell*  
(5/2000) Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

*All wells with APD or New status*

(See Instructions on Reverse Side)

RECEIVED  
JUL 30 2007

DIV OF OIL, GAS & MINING

*wmp*

well_name	sec	tpw	rng	api	entity	lease	well	stat	flag
HORSESHOE BEND 16-33	33	060S	210E	4304736214		Federal	OW	APD	
HORSESHOE BEND 3-33	33	060S	210E	4304736215		Federal	OW	APD	
N HORSESHOE 7-16-6-21	16	060S	210E	4304737438		State	GW	APD	C
N HORSESHOE 9-16-6-21	16	060S	210E	4304737439		State	GW	APD	C
N HORSESHOE 15-16-6-21	16	060S	210E	4304737440		State	GW	APD	C
N HORSESHOE 11-16-6-21	16	060S	210E	4304737441		State	GW	APD	C
N HORSESHOE 1-16-6-21	16	060S	210E	4304737442		State	GW	APD	C
N HORSESHOE 13-2-6-21	02	060S	210E	4304737476		State	GW	APD	C
N HORSESHOE 15-2-6-21	02	060S	210E	4304737477		State	GW	APD	C
GUSHER 2-2-6-19	02	060S	190E	4304737561		State	OW	APD	C
GUSHER 16-2-6-19	02	060S	190E	4304737562		State	OW	APD	C
GUSHER 1-2-6-19	02	060S	190E	4304737563		State	OW	APD	C
GUSHER 3-2-6-19	02	060S	190E	4304737568		State	OW	APD	C
E COYOTE 6-2-8-25	02	080S	250E	4304737572		State	GW	APD	C
E COYOTE 3-2-8-25	02	080S	250E	4304737573		State	GW	APD	C
E COYOTE 8-2-8-25	02	080S	250E	4304737574		State	GW	APD	C
N HORSESHOE 13-16-6-21	16	060S	210E	4304737575		State	GW	APD	C
E COYOTE 4-2-8-25	02	080S	250E	4304737882		State	GW	APD	C
E COYOTE 14-2-8-25	02	080S	250E	4304737883		State	GW	APD	C
E COYOTE 10-2-8-25	02	080S	250E	4304737884		State	GW	APD	C
E COYOTE 16-2-8-25	02	080S	250E	4304737885		State	GW	APD	C
E COYOTE 12-2-8-25	02	080S	250E	4304737886		State	GW	APD	C
N HORSESHOE 16-18-6-22	18	060S	220E	4304737887		Federal	GW	APD	C
N HORSESHOE 14-18-6-22	18	060S	220E	4304737888		Federal	GW	APD	C
N HORSESHOE 2-18-6-22	18	060S	220E	4304737889		Federal	GW	APD	C
N HORSESHOE 10-18-6-22	18	060S	220E	4304737890		Federal	GW	APD	C
N HORSESHOE 8-18-6-22	18	060S	220E	4304737891		Federal	GW	APD	C
N HORSESHOE 13-15-6-21	15	060S	210E	4304738013		Federal	GW	APD	C
N HORSESHOE 15-15-6-21	15	060S	210E	4304738014		Federal	GW	APD	C
N HORSESHOE 11-15-6-21	15	060S	210E	4304738015		Federal	GW	APD	C
N HORSESHOE 9-15-6-21	15	060S	210E	4304738016		Federal	GW	APD	C
N HORSESHOE 5-15-6-21	15	060S	210E	4304738017		Federal	GW	APD	C
N HORSESHOE 3-15-6-21	15	060S	210E	4304738018		Federal	GW	APD	C
N HORSESHOE 5-20-6-22	20	060S	220E	4304738019		Federal	GW	APD	C
N HORSESHOE 13-20-6-22	20	060S	220E	4304738020		Federal	GW	APD	C
N HORSESHOE 3-20-6-22	20	060S	220E	4304738021		Federal	GW	APD	C
N HORSESHOE 7-20-6-22	20	060S	220E	4304738022		Federal	GW	APD	C
N HORSESHOE 11-20-6-22	20	060S	220E	4304738023		Federal	GW	APD	C
N HORSESHOE 2-12-6-21	12	060S	210E	4304738198		Federal	GW	APD	C
N HORSESHOE 14-12-6-21	12	060S	210E	4304738199		Federal	GW	APD	C
N HORSESHOE 10-12-6-21	12	060S	210E	4304738200		Federal	GW	APD	C
N HORSESHOE 8-12-6-21	12	060S	210E	4304738201		Federal	GW	APD	C
N HORSESHOE 16-13-6-21	13	060S	210E	4304738202		Federal	GW	APD	C
N HORSESHOE 15-17-6-22	17	060S	220E	4304738203		Federal	GW	APD	C
N HORSESHOE 5-19-6-22	19	060S	220E	4304738204		Federal	GW	APD	C
N HORSESHOE 15-19-6-22	19	060S	220E	4304738205		Federal	GW	APD	C
N HORSESHOE 3-21-6-22	21	060S	220E	4304738206		Federal	GW	APD	C
N HORSESHOE 11-21-6-22	21	060S	220E	4304738207		Federal	GW	APD	C
N HORSESHOE 15-21-6-22	21	060S	220E	4304738208		Federal	GW	APD	C
N HORSESHOE 13-21-6-22	21	060S	220E	4304738209		Federal	GW	APD	C
N HORSESHOE 5-21-6-22	21	060S	220E	4304738210		Federal	GW	APD	C
N HORSESHOE 7-19-6-22	19	060S	220E	4304738271		Federal	GW	APD	C
N HORSESHOE 5-16-6-22	16	060S	220E	4304738406		State	GW	APD	

well_name	sec	twp	rng	api	entity	lease	well	stat	flag
TWELVEMILE WASH 11-13-5-20	13	050S	200E	4304738437		Federal	GW	APD	C
TWELVEMILE WASH 1-15-5-20	15	050S	200E	4304738438		Federal	GW	APD	C
N HORSESHOE 4-33-5-21	33	050S	210E	4304738439		Federal	GW	APD	C
GUSHER 6-15-6-19	15	060S	190E	4304738440		Federal	GW	APD	C
HORSESHOE BEND W 9-34-6-20	34	060S	200E	4304738441		Federal	GW	APD	C
N HORSESHOE 16-12-6-21	12	060S	210E	4304738442		Federal	GW	APD	C
N WALKER HOLLOW 12-29-6-23	29	060S	230E	4304738443		Federal	GW	APD	C
N WALKER HOLLOW 10-30-6-23	30	060S	230E	4304738444		Federal	GW	APD	C
PELICAN LAKE 11-3-8-20	03	080S	200E	4304738445		Federal	GW	APD	C
PELICAN LAKE 8-4-8-20	04	080S	200E	4304738446		Federal	GW	APD	C
E COYOTE 10-3-8-25	03	080S	250E	4304738447		Federal	GW	APD	C
BORDER 10-9-8-25	09	080S	250E	4304738448		Federal	GW	APD	C
N WALKER HOLLOW 14-33-6-23	33	060S	230E	4304738455		Federal	GW	APD	C
SNAKE JOHN WASH 14-11-7-25	11	070S	250E	4304738456		Federal	GW	APD	C
SNAKE JOHN WASH 4-24-7-25	24	070S	250E	4304738457		Federal	GW	APD	C
SQUAW RIDGE 1-26-7-25	26	070S	250E	4304738458		Federal	GW	APD	C
SQUAW RIDGE 13-28-7-25	28	070S	250E	4304738459		Federal	GW	APD	C
SQUAW RIDGE 16-30-7-25	30	070S	250E	4304738460		Federal	GW	APD	C
SQUAW RIDGE 14-16-7-25	16	070S	250E	4304738461		State	GW	APD	C
GUSHER 13-11-5-19	11	050S	190E	4304738462		State	GW	APD	C
N HORSESHOE 1-15-6-21	15	060S	210E	4304738831		Federal	GW	APD	C
N HORSESHOE 16-9-6-22	09	060S	220E	4304739083		State	GW	APD	
N HORSESHOE 12-7-6-22	07	060S	220E	4304739084		State	GW	APD	
N HORSESHOE 14-10-6-22	10	060S	220E	4304739085		State	GW	APD	
N HORSESHOE 2-15-6-22	15	060S	220E	4304739086		State	GW	APD	
N WALKER HOLLOW 12-32-6-23	32	060S	230E	4304739087		State	GW	APD	
N WALKER HOLLOW 10-32-6-23	32	060S	230E	4304739088		State	GW	APD	
N WALKER HOLLOW 16-32-6-23	32	060S	230E	4304739089		State	GW	APD	
N WALKER HOLLOW 8-32-6-23	32	060S	230E	4304739090		State	GW	APD	
N WALKER HOLLOW 11-36-6-23	36	060S	230E	4304739091		State	GW	APD	
N WALKER HOLLOW 13-36-6-23	36	060S	230E	4304739092		State	GW	APD	
N WALKER HOLLOW 14-32-6-23	32	060S	230E	4304739093		State	GW	APD	
N WALKER HOLLOW 15-36-6-23	36	060S	230E	4304739094		State	GW	APD	
N HORSESHOE 4-15-6-22	15	060S	220E	4304739095		State	GW	APD	
N HORSESHOE 9-10-6-21	10	060S	210E	4304739284		Federal	GW	APD	C
N HORSESHOE 12-13-6-21	13	060S	210E	4304739285		Federal	GW	APD	
N HORSESHOE 7-15-6-21	15	060S	210E	4304739286		Federal	GW	APD	
N HORSESHOE 9-19-6-22	19	060S	220E	4304739287		Federal	GW	APD	
N HORSESHOE 13-19-6-22	19	060S	220E	4304739288		Federal	GW	APD	
N HORSESHOE 11-19-6-22	19	060S	220E	4304739289		Federal	GW	APD	
SQUAW RIDGE 16-13-7-24	13	070S	240E	4304739319		Federal	GW	APD	C
N HORSESHOE 16-7-6-22	07	060S	220E	4304739320		Federal	GW	APD	C
SQUAW RIDGE 8-16-7-25	16	070S	250E	4304738024		State	GW	NEW	C

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

**Request to Transfer Application or Permit to Drill**

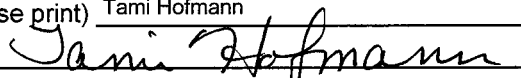
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

<b>Well name:</b>	Pelican Lake 11-3-8-20
<b>API number:</b>	4304738445
<b>Location:</b>	Qtr-Qtr: NESW    Section: 3    Township: 8S    Range: 20E
<b>Company that filed original application:</b>	The Houston Exploration Company
<b>Date original permit was issued:</b>	08/14/2006
<b>Company that permit was issued to:</b>	The Houston Exploration Company

Check one	Desired Action:
<input type="checkbox"/>	<b>Transfer pending (unapproved) Application for Permit to Drill to new operator</b>
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	<b>Transfer approved Application for Permit to Drill to new operator</b>
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>6218963</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Tami Hofmann Title Regulatory Specialist  
Signature  Date 08/06/2007  
Representing (company name) Forest Oil Corporation

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.





# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/utah/vernal>



IN REPLY REFER TO:

3160

UT08300

July 30, 2007

43-047-38445

Lloyd Bruce  
The Houston Exploration Co.  
1100 Louisiana, Suite 2000  
Houston, Texas 77002-6800

Re: Well No. Pelican Lake 11-3-8-20  
NESW, Sec. 3, T8S, R20E  
Uintah County, Utah  
Lease UTU-76498

Dear Mr. Bruce:

The Application for Permit to Drill the above-referenced well, Pelican Lake 11-3-8-20, is being returned unapproved. According to our records, Federal Lease UTU-76498 has expired by its own terms and conditions, effective June 30, 2007. In view of the foregoing, this office is returning the referenced Application for Permit to Drill due to the lease expiration.

Please contact me at 435-781-4440 should you have any questions.

Sincerely,

/s/ Jerry Kenczka

Jerry Kenczka  
Assistant Field Manager  
Lands & Mineral Resources

cc: UDOGM

bcc: Well File  
Reading File  
ES

RECEIVED

AUG 13 2007

DIV. OF OIL, GAS & MINERAL



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

August 14, 2007

Lloyd Bruce  
The Houston Exploration Company  
1100 Louisiana, Suite 2000  
Houston, TX 77002-6800

Re: APD Rescinded – Pelican Lake 11-3-8-20, Sec. 3, T. 8S, R. 20E  
Uintah County Utah, API No. 43-047-38445


Dear Mr. Bruce:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 14, 2006. On August 13, 2007, The Division received a letter from The Bureau of Land Management (BLM), Jerry Kenczka, has requested for this well to be rescinded (see attached). No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective August 13, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal

